



2020  
ANNUAL  
REPORT



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# The year in review

## Financial Performance

The year began in challenging fashion with fewer tendered jobs available and a very competitive market as the Christchurch and Kaikoura rebuilds slowed. The first three months recorded low revenue with a loss of \$225,537. A recovery occurred during October to February before the country went into lockdown in March and April due to Covid-19. The move to level 3 and a return to work for the company saw a strong performance to finish the year with a \$1,045,389 profit pre-tax.

Total revenue for the year at \$22.1m was down \$3.7 million on the previous year. Against that reduction the end of year financial result was heartening.

## Projects

The company successfully completed a large number of projects during the period, in particular

- Burnham Military Camp Water Upgrade
- Moeraki Wastewater Pumping and Irrigation
- Island Cliff - Duntroon Road Seal Widening
- Clutha Seal Extensions
- Hanleys Farm Subdivision Landscaping (Queenstown)
- Waitaki District Pavement Rehabilitations
- Glenorchy Queenstown Road Slow Vehicle Bay

The company continues to deliver on the Central Otago Rooding Network contract in partnership with Fulton Hogan. This contract has 3 years to run.

The company holds a number of local authority maintenance contracts. During the year it secured vegetation work on the DCC Road Maintenance Contract which runs for 7 years and re-secured the Mackenzie District Township and Utilities contracts.

## Plant and Machinery

The company's commitment to investment in plant and equipment to ensure we have a modern fleet resulted in an investment over \$1.9m in new capital during the financial year. The company did however delay the purchase of a number of items totaling \$530,671 which it has committed too but not taken ownership of at balance date.

## Information Technology

The company is forging ahead with an IT plan with good quality infrastructure and a move to paperless online systems. An app for prestart checks of vehicles and plant is to be introduced.

## Property

The company purchased land at 28-30 Ree Crescent Cromwell in May 2019. This site is to be developed as the Central Otago depot for our operations, however

this has been delayed due to the uncertainty generated by Covid-19. The land and buildings were revalued this year resulting in an increase in value of \$892,222.

## Safety Performance

The company places high importance on both health and safety and environmental performance. The company achieved a low lost time injury rate with zero serious harm incidents during the last 12 months. This is a credit to all the team members.

## Environment

The company has implemented a working group to look at environmental initiatives with a long-term goal of becoming carbon neutral. We have analysed our carbon use and developed a plan for reduction. Both this data and our draft plan will be audited in September 2020.

## Staff Care

The company has continued to focus this year on employee wellbeing ensuring we have a well-supported staff. Examples include wellness survey; financial wellness seminar, free flu jabs and full health check, workstation checks as well as providing an occupational counselling service.

## Community

Our support to our community includes sponsorship of both Whitestone Contracting Stadium and the Oamaru Opera House as well as several small projects totaling \$62,378.

The company paid a dividend of \$903,993 related to the 2018/19 year and is proud to have delivered such significant benefits back to the community.

Over \$3.78 million in benefits have been provided back to the shareholder and our community in the last 5 years.

## Board

I would like to thank my fellow directors for their dedication and commitment to the Company and to also express the Board's gratitude to Glenn and his team for their efforts during what was a difficult year. The staff stepped up and the company negotiated the impact of covid-19 well.



  
M J de Buyzer

# Company Ownership and Vision

**Whitestone Contracting Limited** is a Council controlled trading organisation (CCTO) being 100% owned by the Waitaki District Council. Whitestone Contracting Limited is controlled by directors appointed by its shareholder the Waitaki District Council.

The company retains three non-trading subsidiaries  
Whitestone Quarries & Landfill Limited (company number 2075953)  
Dunstan Sprayers Limited (company number 3932218)  
Dunstan Contracting Limited (company number 5081881)

Waitaki District Council (Parent Entity)

Whitestone Contracting Limited (CCTO)



## Vision

- To be a reputable and trusted contractor

## Mission

- To maximise shareholder returns whilst supporting the local community.

# Services



[www.whitestone.co.nz](http://www.whitestone.co.nz)

## **Civil works and property maintenance**

- Earthworks
- Pavement construction
- Bridge construction and maintenance
- Road Realignments
- Road Shape corrections
- Driveways and car parks
- Cattle underpasses
- Culverts
- Property maintenance
- Cable locations
- Gravel and soil sales
- Plant Hire with operator
- Hydro Excavation
- Guard Rail Installation

## **Utilities**

- Reticulation installation and maintenance
- Intakes, Pumping stations
- Treatment Plants
- Service connections
- Drainage systems
- Camera Inspection

## **Landscape Services**

- Landscaping
- Parks and Reserves maintenance
- Mowing
- Landscape supplies
- Turf Maintenance
- Garden Maintenance
- Branch Chipper

## **Landfill and refuse operations**

- Maintenance of landfills
- Solid waste disposal facilities
- Refuse collection
- Solid fill disposal site

## **Quarries**

- Gravel sales
- Bulk sales of all gravel products

## **Sealing**

- Bitumen Surfacing
- Asphalt supply and lay

## **Spraying**

- Agricultural spraying
- Vegetation and Weed control

## **Other Services**

- Mechanics workshop
- Traffic Management Plans & Signs
- Project Management
- Pavement Design

# Best Practice

**Whitestone Contracting Limited** prides itself on being the best it can be. The company is focused on continual improvement of systems and processes to improve the way we operate.

Whitestone Contracting Limited holds ACC tertiary accreditation and is AS/NZS4801:2001 accredited. This means the company has safety systems in place of a very high standard. The company employs a full time Health, Safety and Environmental Coordinator.

The company is ISO 9001:2015 accredited. The company has a management system in place which meets good practice and the company is audited every twelve months to verify compliance with the system.

Whitestone Contracting Limited is ISO 14001:2015 accredited. ISO14001 accreditation confirms the company has environmental systems in place and is committed to continually improving our environmental performance.

The company joined the Toitū Envirocare accreditation scheme for carbon emissions and will be audited in September 2020. The company has developed an Emission management and reduction plan.

Whitestone Contracting holds Green level (highest level) Sitewise accreditation.

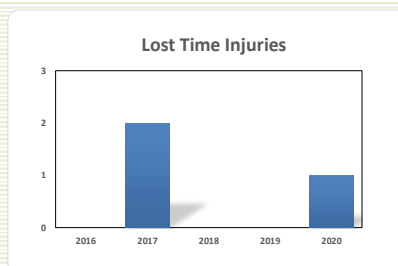
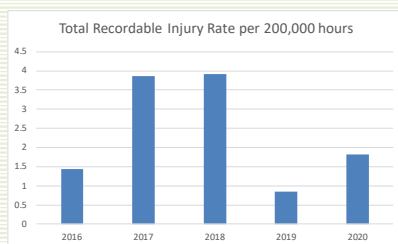
Whitestone Contracting Limited is a member of the following organisations:

Civil Contractors New Zealand  
Site Safe New Zealand  
Motor Trades Association





# Social performance report



## We are committed to:

- Attracting and retaining the best people for our organisation.
- Maintaining a high level of transparent and effective communication with our shareholder.
- Being an asset to the community through returns to the Shareholder.
- Being an asset to the community by supporting local community initiatives.
- Providing employment in the district and ensuring the community receives competitive prices for work done.

## Our people and communities:

- We utilise a wide range of training schemes via the industry training organisation's to continuously extend the skills of our staff.
- Performance reviews are undertaken for all management and staff on an annual basis.
- We are committed to work together to ensure safe and sustainable working conditions for our employees.
- An employee assistance programme is in place to support our employees.
- We have an employee wellness program that encourages physical and mental wellbeing.

## MEASURING OUR PERFORMANCE

### Employee safety and investment

	2020	2019
Number of full day time off workplace incidents	1	0
Lost time injury frequency rate per 200,000 hours	0.91	0

Training Expenditure	203,494	230,989
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Number of Fulltime Equivalent Employees at 30 June	113	117
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### Sponsorships and donations

Oamaru Opera House Charitable Trust	20,000	20,000
North Otago Rugby Union	35,000	35,000
Oamaru Xmas Parade	1,545	3,146
Anzac/War Commemorations	0	3,604
Tarras Golf Club	250	250
Tarras Collie Club	0	150
Mackenzie District Parades	905	896
Cromwell Rowing Club	321	0
Cromwell Senior Netball	197	0
Football Waitaki	348	0
House of Breakthrough - Christmas in the Park	615	0
Tekapo School	500	500
Hockey South Canterbury	0	130
Waimate Christmas in the Square	500	500
South Canterbury Football	0	200
Roncalli College	0	300
Oamaru on Fire	0	5,915
North Otago indoor Bowls	0	1,500
Victorian Heritage Parade	1,851	749
Waimate Anzac Commemorations	0	362
Waimate Golf Club	100	0
Totara School	0	88
Cancer Society	46	100
Waitaki Boys High School	200	0
Other Sponsorships	0	208
<b>Total Donations &amp; Sponsorships</b>	<b>62,378</b>	<b>73,598</b>

# Environmental impact report



## **We are committed to:**

- Enhancing environmental management systems.
- Ensuring the company's impact on the environment is consistent with the company's environmental policy.

## **Positive Impacts on the Environment**

Whitestone Contracting Limited provides a range of services which provide environmental benefits to the community. We provide tree care and landscaping services as well as vegetation and weed control services. We maintained parks and reserves for some Council clients as well as water and wastewater networks during the period.

The company is committed to economically sustainable waste minimisation initiatives.

The company has had no breaches of consents or environmental breaches during the year.

## **Areas of Negative Effects Include**

The company uses significant quantities of gravel and ensures it has the necessary approvals from the Regional Council before extraction.

The company operates a modern asphalt plant which is consented and meets emission standards.

## **Waste Material Produced includes Green Waste, Hardfill, Cover Material.**

The company generates clean fill which is used to rehabilitate previously excavated land or deposited at our clean fill site in Beach Road Oamaru.

The Company operates chippers to reuse material from tree removal activities.

## **This year's environmental activities**

We continue to focus on maintaining our ISO 14001 accreditation and improving our focus on minimising work site environmental hazards through good job planning.

## **Over the next twelve months we plan to:**

Continue to promote our Environmental training programme to staff.

Continue to consider the environment in all that we do.

Continue to develop and implement sustainable practices that protect the environment in which we work.

Implement the objectives in the company's emissions management and reduction plan.



Hanley Farms open day 2020



# Financial performance report

## We are committed to:

Increasing shareholder returns through both distributions and capital growth.  
Maintaining the company with a risk averse approach while targeting sustainable long-term growth.  
Exceed the targeted return on opening shareholder funds.

## Our Finance and Risk Management Processes

To ensure reliable and timely financial information, the company has an effective management information system in place and an organisational structure that provides an appropriate division of responsibility and an efficient reporting framework. Enhancement of this system is continuous to ensure we meet or exceed market requirements. The company's Audit and Risk Committee provides the Board with additional assurance regarding the accuracy of reported financial information and is responsible for ensuring the Company has an effective internal control system in place. More information on policies and procedures the company has in place can be found in the Statement of Intent.

## Highlights for 2020

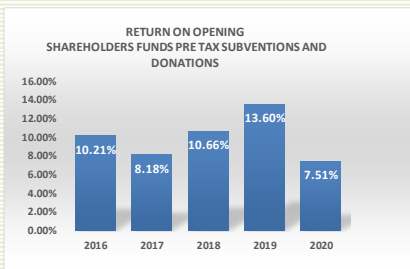
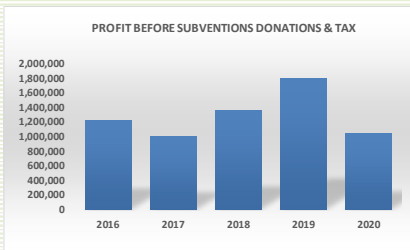
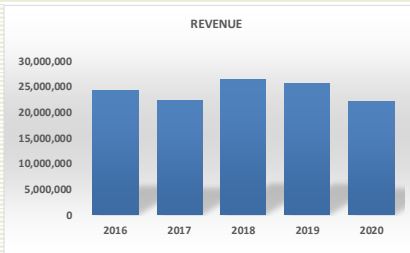
In overall terms, 2020 has been a successful year in light of the slow start to the year with the market showing signs of saturation early in the year with Christchurch and Kaikoura work reducing and contractors looking at other markets. Covid-19 was also a significant factor in the year's performance. In spite of this the company has delivered successfully on a number of significant projects for a wide variety of clients and continues to be an asset to the community.

## Measuring our performance:

The trend statement on page 9 shows key indicators highlighting the company's performance. Further information on the financial results of the company are contained in the financial statements.

## Over the next 12 months we plan to:

Target increased turnover to in turn increase earnings per share by continuing to improve contract performance and ensuring effective cost control measures.  
Continue to maintain a diversified portfolio of work and clients to ensure continuity of returns to the shareholder.  
Continue developing staff to achieve ongoing positive contract outcomes.



# Financial performance report (continued)

<b>Trend Statement</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>		
<b>Financial Performance</b>					
Revenue	22,116,081	25,884,599	26,662,130	22,410,320	24,423,017
<b>Surplus before income tax &amp; subvention payments &amp; donations</b>	<b>1,045,389</b>	<b>1,803,695</b>	<b>1,365,363</b>	<b>1,012,671</b>	<b>1,231,707</b>
Donations & Sponsorships	(62,378)	(73,598)	(74,187)	(64,222)	(60,858)
Subvention Payments	0	0	(36,795)	(640,000)	(273,833)
Surplus/(Deficit) before income tax	983,011	1,730,097	1,254,381	308,449	897,016
Income tax	(142,321)	(396,520)	(291,442)	(84,599)	(304,401)
Net Surplus/(Deficit)	840,690	1,333,577	962,939	223,850	592,615
<b>Financial Position</b>					
Total Current Assets	4,536,318	5,043,751	4,915,110	4,800,393	5,366,672
Total Non-Current Assets	15,244,070	14,125,379	12,206,809	11,564,914	10,687,600
Total Assets	19,780,388	19,169,130	17,121,919	16,365,307	16,054,272
Total Current Liabilities	3,512,710	3,688,653	3,293,892	2,899,742	3,061,718
Total Non-current Liabilities	1,678,090	1,555,754	565,025	661,953	606,164
Total Liabilities	5,190,800	5,244,407	3,858,917	3,561,695	3,667,882
Total Equity	14,589,588	13,924,723	13,263,002	12,803,612	12,386,390
<b>Statistics</b>					
Total Liabilities to Equity	0.36	0.38	0.29	0.28	0.30
Return on shareholders funds pre tax and subvention payments	6.74%	12.42%	9.74%	7.41%	9.45%
Return on opening shareholders funds pre tax subvention payments and donations	7.51%	13.60%	10.66%	8.18%	10.21%
Shareholders Funds to total assets	73.76%	72.64%	77.46%	78.24%	77.15%

A subvention payment is a payment made by a **profit company** (Whitestone Contracting Limited) to a loss company within the Group and is offset against the profit company's net income and reduces the loss company's available net losses. A subvention payment involves a real movement of money from Whitestone Contracting to another Waitaki District Council group company.

# Directors responsibility statement

The Directors are responsible for preparing the financial statements and ensuring that they comply with generally accepted accounting practice and present fairly the financial position of the company as at 30 June 2020 and the results of the operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered reasonable assurance as to the integrity and reliability of the financial statements.

**The Directors are pleased to present the financial statements of Whitestone Contracting Limited for the year ended 30 June 2020**

**For and on behalf of the directors**



**M J de Buyzer**  
Chairman



**R A Pickworth**  
Director

**Date 18 September 2020**

# The Numbers

# Whitestone Contracting Limited

## Statement of Comprehensive Income

### For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Operating Revenue	2	21,147,166	25,697,906
Other Revenue	2	968,073	183,737
Total Revenue		22,115,239	25,881,643
Operating Expenses	3	(21,014,619)	(24,066,667)
		1,100,620	1,631,239
Finance Income		842	2,956
Finance costs		(56,073)	(14,237)
Net Financing profit	6	(55,231)	(11,281)
Operating Profit Before Subvention Payments, Donations and Tax		1,045,389	1,619,958
Less Sponsorships and donations		(62,378)	(73,598)
Less Subvention Payments		0	0
Operating Profit/(Loss) Before tax		983,011	1,546,360
Less Taxation Expense	4	(142,321)	(396,520)
Net Profit After Tax		840,690	1,149,840
<u>Other Comprehensive Income</u>			
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation of property		892,222	-
- Deferred tax effect on revaluation		(164,054)	-
Other Comprehensive Income Net of Income Tax		728,168	-
Total Comprehensive Income		<b>1,568,858</b>	<b>1,149,840</b>

# Whitestone Contracting Limited

## Statement of Changes in Equity

### For the year ended 30 June 2020

Notes	Retained Earnings	Share Capital	Asset Revaluation Reserve	Total Equity
	\$	\$	\$	\$
<b>2020</b>				
Balance 1 July 2019	6,516,925	4,600,000	2,807,798	13,924,723
Profit for the year	840,690	-	-	840,690
Other comprehensive Income movements	-	-	728,168	728,168
<b>Total Comprehensive Income for the year</b>	<b>840,690</b>	<b>-</b>	<b>728,168</b>	<b>1,568,858</b>
Dividends to shareholders	(903,993)			(903,993)
<b>Balance 30 June 2020</b>	<b>19 6,453,622</b>	<b>4,600,000</b>	<b>3,535,966</b>	<b>14,589,588</b>
<b>2019</b>				
Balance 1 July 2018	5,855,204	4,600,000	2,807,798	13,263,002
Profit for the year	1,333,577	-	-	1,333,577
Other comprehensive Income movements	-	-	-	-
<b>Total Comprehensive Income for the year</b>	<b>1,333,577</b>	<b>-</b>	<b>-</b>	<b>1,333,577</b>
Dividends to shareholders	(671,856)			(671,856)
<b>Balance 30 June 2019</b>	<b>19 6,516,925</b>	<b>4,600,000</b>	<b>2,807,798</b>	<b>13,924,723</b>





# Whitestone Contracting Limited

## Statement of Financial Position

### As at 30 June 2020

	Note	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash & Cash equivalents	7	867,261	15,043
Trade & Other Receivables	8	2,323,245	4,224,146
Doubtful Debt Provision	8	(43,916)	(5,875)
Inventories	9	760,047	661,691
Work in progress	10	566,263	100,867
Prepayments	11	33,880	47,879
Right of use Leased Assets	25	29,538	0
<b>Total Current Assets</b>		4,536,318	5,043,751
<b>NON CURRENT ASSETS</b>			
Plant, Property & Equipment	12	15,159,716	14,025,002
Advance removal of overburden	13	57,220	70,481
Mix Designs		6,614	8,649
Resource Consents		20,520	21,247
<b>Total Non Current Assets</b>		15,244,070	14,125,379
<b>Total Assets</b>		19,780,388	19,169,130
<b>CURRENT LIABILITIES</b>			
Trade payables	14	1,494,976	1,177,929
Bank Overdraft	7,18	0	67,036
Borrowings	18	60,350	57,700
Lease Liabilities	25	34,277	0
Provision for Goods and Services Tax		141,148	247,517
Accrued expenses		86,938	318,322
Accrued Employee Benefits - Current	16	1,361,678	1,178,601
Accrued Restoration costs	15	7,338	23,000
Prepaid income	17	123,399	289,994
Current tax Liability	4	202,606	328,554
<b>Total Current Liabilities</b>		3,512,710	3,688,653
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liability	4	574,768	388,230
Term Borrowings	18	1,077,160	1,137,510
Accrued Employee Benefits - Non current	16	26,162	30,014
<b>Total Non Current Liabilities</b>		1,678,090	1,555,754
<b>Total liabilities</b>		5,190,800	5,244,407
<b>Net Assets &amp; Liabilities</b>		14,589,588	13,924,723
<b>EQUITY</b>			
Share Capital	19	4,600,000	4,600,000
Retained Earnings	19	6,453,622	6,516,925
Property Revaluation Reserve	19	3,535,966	2,807,798
<b>Total Equity</b>		14,589,588	13,924,723

# Whitestone Contracting Limited

## Statement of Cashflows

### For the year ended 30 June 2020

Note	2020 \$	2019 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Cash was provided from:		
Receipts from customers	22,126,264	25,115,848
Receipts from other Income	968,073	0
Interest received	842	2,956
	23,095,179	25,118,804
Cash was applied to:		
Payments to suppliers & employees	(19,181,622)	(22,271,042)
Donations and Sponsorships	(62,378)	(73,598)
Interest paid	(56,073)	(14,237)
Subvention Payments made	0	0
Income Tax (paid)/refunded	(245,785)	(381,634)
	(19,545,858)	(22,740,511)
Net cashflows from operating activities	3,549,321	2,378,293
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Cash was provided from:		
Proceeds from property, plant and equipment	313,063	309,343
	313,063	309,343
Cash was applied to:		
Property, plant and equipment purchased	(1,919,346)	(3,752,030)
Total cash applied	(1,919,346)	(3,752,030)
Net Cashflows to investing activities	(1,606,283)	(3,442,687)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Cash was provided from:		
Proceeds from borrowings	-	1,200,000
	-	1,200,000
Cash was applied to:		
Dividends Paid	(903,993)	(671,856)
Lease Payments	(62,091)	-
Repayment of Borrowings	(57,700)	(4,790)
	(1,023,784)	(676,646)
Net cashflows from financing activities	(1,023,784)	523,354
Net increase/(decrease) in cash held	919,254	(541,040)
Cash held at the start of the year	(51,993)	489,047
Cash held at the end of the year	867,261	(51,993)
<u>Made up of:</u>		
BNZ current accounts	852,502	(66,997)
ANZ current accounts	14,599	14,744
Petty cash	160	260
	867,261	(51,993)

# Notes

# Notes to the financial statements for the year ended 30 June 2020

## Note 1: Accounting Policies

### Reporting Entity

The financial statements of Whitestone Contracting Limited are for the year ended 30 June 2020 and were authorised for issue by Directors on 18 September 2020.

The group consists of Whitestone Contracting Limited and its non-trading subsidiaries Whitestone Quarries and Landfill Limited (100% owned) and Dunstan Sprayers Limited (100% owned), Dunstan Contracting Limited (100% owned)

The parent company is itself a wholly owned subsidiary of the Waitaki District Council and they have been informed about, and do not object to, the parent not presenting consolidated financial statements;

The financial statements comply with the Financial Reporting Act 2013, the Companies Act 1993, the Local Government Act 2002 and comprise statements of the following:

- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Financial Position
- Statement of Cash flows
- Significant accounting policies
- Notes to the financial statements in this annual report.

### Basis of Preparation

Whitestone Contracting Limited is a Council Controlled Organisation (as defined in Section 5 of the Local Government Act 2002) incorporated in New Zealand and is registered under the provisions of the Companies Act 1993. The company is wholly owned by the Waitaki District Council.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). For the purposes of complying with NZ GAAP, the company is a for profit entity. These general purpose financial statements comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS (RDR)) and other applicable financial reporting standards, as appropriate for profit-oriented entities.

XRB A1 sets out which suite of accounting standards entities must follow. The company is eligible for and has elected to report in accordance with Tier 2 NZ IFRS (RDR) for the year ended 30 June 2020. The company has taken advantage of a number of disclosure concessions; however there was no recognition or measurement impact on adoption of NZ IFRS (RDR).

The financial statements have been prepared on an historical cost basis except for land and buildings which are revalued every three years. Next review is due 1 July 2022.

The financial statements are presented in New Zealand dollars, which is the company's functional currency.

The financial statements are prepared based on the reliance that the company is a going concern.

### Changes in Accounting Policies:

#### Changes to previous accounting policies

The Company has adopted NZ IFRS 16 for the year ended 30 June 2020. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces changes to the lessee accounting by removing the distinction between operating and finance lease requirements and requiring the recognition of right-to-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

# Whitestone Contracting Limited - Notes (continued)

Comparatives for the 30 June 2019 financial year have not been restated as it was prepared in accordance with C3 of NZ IFRS 16 which allows for a practical expedient for the transition to NZ IFRS 16 Leases.

The impact of these changes is not considered to be significant.

## Specific Accounting Policies

The following specific accounting policies that significantly affect the measurement of operating results, cash flows and financial position have been applied:

- Dividends are recognised when received.

## Revenue Recognition

- Operating revenues represent the gross revenue from commercial operations in the ordinary course of business and are recognised when earned.
- Interest income is recognised using the effective interest method.

### General Revenue recognition criterion

The first step for revenue recognition purposes is to identify the contracts and the performance obligations contained therein. The number of performance obligations that a contract has will depend on the type of contract.

In general the performance obligations in the contracts Whitestone Contracting Limited engages in are satisfied over time and not a specific point in time since Whitestone creates or enhances an asset that the customer controls as the asset is created or enhanced.

With respect to the method for recognising revenue over time Whitestone has established certain criteria that are consistently applied for similar performance obligations.

In this regard Whitestone's chosen method for measuring progress towards complete satisfaction of a service obligation under an Installation Construction contract is the input method.

Under this method the entity recognises revenue based the proportion that costs incurred to date bear to the total costs expected to be incurred to complete the work, taking into account the expected margins of the whole project per the latest updated budget. This method involves measuring the proportion of the costs envisaged, and recognising revenue in proportion to the total expected revenue. Under this method the proportion that the contract costs bear to the estimated total costs is used to determine the revenue to be recognized.

Also, in routine or recurring service contracts (in which the services are substantially the same) such as maintenance services which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract in such a way as the customer receives and consumes the benefits of the services as the entity provides them. The method to recognise the revenue is the output method. Under this method revenue is recognized on a straight-line basis over the term of the contract and costs are recognized on an accrual basis.

As a general rule a single performance obligation is identified for construction contracts owing to the high degree of integration and customization of the various goods and services to provide a combined output that is transferred to the customer over time.

If payments received from customers exceed the income recognised, then the difference is presented as a contract liability in the Statement of Financial Position.

## Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

# Whitestone Contracting Limited - Notes (continued)

## Leases

### The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Company uses its incremental borrowing rate.

### The Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee the contract is classified as a finance lease. All other leases are classified as operating leases. The Company does not have any finance leases.

Rental income from operating leases are recognised on a straight-line basis over the term of the relevant leases.

## Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis and any net GST due or owing at balance date is included in debtors or creditors (as appropriate). Accounts receivable and accounts payable are stated inclusive of GST. Where GST is not recoverable as an input tax then it is recognised as part of the related asset and expensed.

## Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date. Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.



# Whitestone Contracting Limited - Notes (continued)

## **Inventories**

Inventories, comprising materials and work-in-progress, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

The write down from cost to net realisable value is recognised in the Statement of Comprehensive Income.

## **Work in progress**

Work-in-progress includes materials and labour accumulated against jobs, but not invoiced as at balance date.

## **Financial Instruments**

Financial assets and liabilities are contracts that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables. The carrying value of the financial instruments approximates fair value.

## **Financial Assets**

Financial assets are classified and subsequently measured at amortised cost or fair value.

Financial assets at amortised cost:

These assets, mainly trade and other receivables including amount due from related parties, cash and cash equivalents, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets at amortised cost:

The following financial assets are subject to the impairment requirements:

Trade receivables – simplified model

Simplified model impairment policy:

The Company applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS9, which permits the lifetime expected loss provision for all trade receivables. The allowance for doubtful debts on trade receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue and taking into account the historical loss experience in portfolios with a similar number of days overdue. The expected credit losses incorporate forward looking information and relevant macroeconomic factors.

## **Property, Plant and Equipment**

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses. With the exception of land and buildings which is carried at fair value as detailed below.

### **Additions:**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### **Disposals:**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

# Whitestone Contracting Limited - Notes (continued)

## Subsequent costs:

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

## Depreciation

### General

Unless otherwise stated, all fixed assets are depreciated on a diminishing value basis at rates that will write-off their cost or valuation, less any estimated residual value, over their expected useful lives.

### Land

Land is not depreciated.

### Buildings

Buildings are depreciated at rates from 2% to 100% dependent on the method of construction.

### Other Assets

Small tools and equipment are not depreciated but replacements are expensed. All other assets are depreciated over their expected useful lives:

<u>Asset Category</u>	<u>Depreciation Method Diminishing Value</u>
Plant & Equipment	2.40% - 80.40%
Motor vehicles	12.00% - 36.00%
Office equipment	11.40% - 67.00%
Office furniture and fittings	11.40% - 80.40%
Computer software	40.00% - 60.00%
Computer Hardware	31.20% - 50.00%

The Asphalt plant is depreciated on a straight-line basis at 5% per annum

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

## Revaluations

Land and buildings are revalued every three years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

After recognition as an asset, an item of property, assets subject to revaluation whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity, unless the increase relates to a revaluation decrease of the same asset previously recognised in the profit and loss.

Any revaluation deficit is recognised in other comprehensive income and credited to the asset revaluation reserve in equity to the extent of the revaluation reserve balance accumulated from previous year gains. When no revaluation reserve balance is available to offset a revaluation loss the revaluation deficit is reported within profit or loss for that year.

Revaluations are completed on an asset basis and movements are evaluated on an asset class basis.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to retained earnings.

## Advance removal of overburden and waste rock unsold

Advance removal of overburden and waste rock is amortised over the current year and succeeding income years in line with the expected benefit provided by the removal.

# Whitestone Contracting Limited - Notes (continued)

## Capitalised quarry development expenditure

Quarry development expenditure is amortised at a rate of 20% per annum.

## Intangible Assets

### Software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring into use. Costs associated with maintaining computer software are recognised as an expense when incurred. The useful life of software is amortised on a diminishing value basis at a rate of 40-60%.

Costs associated with the development and maintenance of the company's website are recognised as an expense when incurred.

### Resource Consents

Resource consents acquired by the company have finite lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

### Asphalt Mix Designs

Asphalt Mix designs developed by the company are regarded as having infinite lives. They are not amortised but tested annually for impairment.

## Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Income.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the Statement of Comprehensive Income.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

For assets not carried at a re-valued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

## Employee Entitlements

### Short-term benefits

Employee benefits that the company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and long service leave entitlements expected to be settled within 12 months, and sick leave.

# Whitestone Contracting Limited - Notes (continued)

The company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the company anticipates it will be used by staff to cover those future absences.

The company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

## **Long service leave**

Entitlements that are payable beyond 12 months, such as long service leave; have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements and;
- the present value of the estimated future cash flows. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is applied on the expected long-term increase in remuneration for employees.

## **Superannuation schemes:**

### *Defined contribution schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income in periods during which the services are rendered by employees.

## **Provisions**

The company recognises a provision for future expenditure of uncertain amount of timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance expense.

## **Equity**

Equity is the Shareholders interest in the Company as measured by total assets less total liabilities.

The components of equity are:

- Share Capital.
- Retained Earnings
- Revaluation Reserve

## **Critical Accounting Estimates and Assumptions**

In preparing these financial statements the company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## **Construction work in progress**

Construction work in progress is the significant area where estimates have been made. This has been calculated in accordance with the construction work in progress policy.

## **Revaluation of property, plant and equipment**

The Company carries its land and buildings (classified as property, plant and equipment) at revalued amounts.

Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of property.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 2: OPERATING REVENUE

	2020	2019
	\$	\$
Includes;		
Operating Income		
Maintenance Contract Revenue	9,577,165	9,514,958
Installation and Construction Revenue	8,641,374	11,557,941
Non Contract work	2,851,231	4,550,521
Rental Income	77,396	74,486
	21,147,166	25,697,906
Other Income		
Government Subsidies	812,028	-
Dividends	22	24
Depreciation Recovered	132,172	176,656
Gain on Sale of property, plant and equipment	23,851	7,057
Total Other Income	968,073	183,737
Total Income	22,115,239	25,881,643

Included in operating expenses are the following items:

	2020	2019
	\$	\$
Remuneration of the auditor	35,911	24,575
Depreciation	1,514,690	1,461,495
Loss on sale of fixed assets	5,125	4,155
Depreciation of Right-of-use assets	61,792	-
Directors' fees	193,739	196,000
Donations & Sponsorships	62,378	73,598
Rental and operating lease costs	82,947	127,344
Changes in provision for doubtful debts	35,299	(4,495)
Bad debts written off	2,220	286
Fringe Benefit Tax	130,222	120,581
Insurance Premiums	252,505	243,547
Accident Insurance	138,285	107,050
Employee Benefits	8,843,009	8,645,191
Amortised advance removal of overburden	13,261	16,303
Stock obsolescence provision	30,000	-
Impairment Resource Consents	728	728
Impairment Asphalt Mix Designs	2,035	2,035
Impairment of plant and machinery	-	14,819
Impairment of Goodwill	-	200,000
Materials	2,260,637	2,797,241

# Whitestone Contracting Limited - Notes (continued)

## NOTE 4: TAX EXPENSE

	2020	2019
	\$	\$
<b>Components of tax expense</b>		
Current tax expense in respect of current year	85,497	546,819
Adjustments to current tax in respect of prior years	34,339	( 2,500)
Tax Effect of change to tax base of buildings	( 73,104)	
Deferred tax expense in respect of current year	127,978	( 150,299)
Deferred tax expense in respect of prior year	( 32,389)	2,500
<b>Tax expense</b>	<b>142,321</b>	<b>396,520</b>

Operating profit before income tax	983,011	1,730,097
Tax thereon at 28%	275,243	484,427
<i>Plus/(less) taxation effect of differences:</i>		
Tax effect of non assessable income	(289,928)	(145,137)
Tax effect of non deductible expense	228,160	57,230
Tax effect of prior year adjustment	1,950	-
Tax effect of change to tax base of buidlings	(73,104)	-
<b>Tax Effect of Differences</b>	<b>(132,922)</b>	<b>(87,907)</b>
<b>Tax Expense</b>	<b>142,321</b>	<b>396,520</b>

	2020	2019
	\$	\$
<b>Current tax balances</b>		
Tax refund available	-	17,731
Current tax liability	(202,606)	(346,285)
	(202,606)	(328,554)
<b>Deferred tax balance</b>		
Deferred tax asset	264,605	395,409
Deferred tax liability	(839,373)	(783,639)
<b>Net Deferred tax (liability)</b>	<b>(574,768)</b>	<b>(388,230)</b>

	2020	2019
	\$	\$
<b>Imputation Credit Account</b>		
Balance at the beginning of the year	2,450,634	2,070,100
Income Tax payments	263,519	380,534
Credits attached to dividends paid	( 351,553)	0
Refunds and transfers	( 16,632)	-
<b>Balance at the end of the year</b>	<b>2,345,968</b>	<b>2,450,634</b>

The balance of the imputation account is not recorded in the financial statements



# Whitestone Contracting Limited - Notes (continued)

## DEFERRED TAX

	Opening balance sheet	Recognised in other comprehensive Income	Deferred tax on change in building tax depreciation recognition	Recognised in profit or loss	Closing balance sheet assets	Closing balance sheet liabilities	Closing balance sheet net
<b>2020</b>							
Property, plant and equipment	(470,900)	(164,054)	73,104	36,438	0	(525,412)	(525,412)
Employee benefits	192,693	0		15,046	207,739	0	207,739
Provisions	(110,023)	0		(147,072)	0	(257,095)	(257,095)
Balance at end of the year	(388,230)	(164,054)		(95,588)	207,739	(782,507)	(574,768)

<b>2019</b>							
Property, plant and equipment	(480,217)	0	0	9,317	0	(470,900)	(470,900)
Employee benefits	187,632	0	0	5,060	192,693		192,693
Provisions	(243,445)	0	0	133,422	0	(110,023)	(110,023)
Balance at end of the year	(536,030)	0	0	147,799	192,693	(580,923)	(388,230)

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable on taxable profits under New Zealand tax law.

## NOTE 5: EMPLOYEE BENEFIT COSTS

	2020	2019
	\$	\$
Salaries and Wages	8,512,461	8,390,311
Severance Payments	47,948	0
Employer Contributions to superannuation schemes	215,370	215,240
Increase/(Decrease) in employee benefit liabilities	67,230	39,640
<b>Total Employee Benefit Costs</b>	<b>8,843,009</b>	<b>8,645,191</b>

### Includes;

	2020	2019
	\$	\$
Key Management Personnel compensation		
<b>Total key management personnel compensation</b>	<b>1,110,012</b>	<b>929,711</b>

Key management personnel includes the Chief Executive and 4 members of the company's management team.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 6: FINANCE INCOME AND COSTS

### Financing Income:

Interest Income

Total finance Income

2020	2019
\$	\$
842	2,956
842	2,956

### Finance Expenditure:

Interest expense - borrowings

Interest Expense - Lease Liabilities

Total Interest expense on borrowings

Net finance profit/loss

51,034	14,237
5,039	-
56,073	14,237
( 55,231)	( 11,281)

## NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank

Petty Cash

Short term deposits maturing three months or less from date of acquisition

Total cash and equivalents

Bank overdrafts

Net cash equivalents and bank overdrafts for the purposes of the statement of cashflows

2020	2019
\$	\$
867,101	14,783
160	260
-	-
867,261	15,043
-	(67,036)
867,261	(51,993)



# Whitestone Contracting Limited - Notes (continued)

## NOTE 8: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Gross trade and other receivables	1,763,179	3,460,489
Waitaki District Council	480,304	501,556
Waitaki District Council retentions	27,785	70,841
Contract Retentions other	51,977	191,260
	2,323,245	4,224,146
Less provision for impairment	(43,916)	(5,875)
<b>Total trade and other receivables</b>	<b>2,279,329</b>	<b>4,218,271</b>

As at 30 June 2020 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2020			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	2,233,700	0	2,233,700	2,960,056	0	2,960,056
Past due 0 -30 days	55,918	(10,289)	45,629	1,204,570	0	1,204,570
Past due 31 - 60 days	164	(164)	0	42,612	0	42,612
Past due >61	33,463	(33,463)	0	16,908	(5,875)	11,033
<b>Total</b>	<b>2,323,245</b>	<b>(43,916)</b>	<b>2,279,329</b>	<b>4,224,146</b>	<b>(5,875)</b>	<b>4,218,271</b>

### Movements in provision for impairment

	2020	2019
	\$	\$
Opening Balance	5,875	11,373
Additional provisions made during the year	40,594	(5,169)
Less Provision for Doubtful Debts written off	(2,553)	(329)
<b>Balance at 30 June</b>	<b>43,916</b>	<b>5,875</b>

## NOTE 9: INVENTORIES

	2020	2019
	\$	\$
Metal and soil stocks	525,378	406,521
Other Supplies	264,669	255,170
Provision for obsolescence	(30,000)	-
<b>Total Inventories</b>	<b>760,047</b>	<b>661,691</b>

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

The provision for obsolescence is made up of two types of inventory, Aged plastic water pipes left over from a contract which are unlikely to be used on another contract. The other is water reticulation parts which have been identified as having an impaired value because they would not have high book value if the contract they were associated with was not renewed.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 10: WORK IN PROGRESS

	2020	2019
	\$	\$
Cost	2,441,251	5,243,746
Profit Recognised to Date	579,826	879,291
Gross Construction WIP	3,021,078	6,123,037
Progress billings	(2,656,333)	(6,217,527)
Net Construction Work in progress	364,745	(94,490)
Represented as:		
Prepaid Income	(13,319)	(128,953)
Work In progress	378,064	34,463
Other Maintenance Contracts	188,199	66,404
Prepaid Income Other Contracts	(108,413)	(159,374)
Total Work In Progress	566,263	100,867

## NOTE 11: PREPAYMENTS

	2020	2019
	\$	\$
Prepaid Trade Creditors	33,880	47,879
Total Prepayments	33,880	47,879



Paving work Remarkables residences 2020

# Whitestone Contracting Limited - Notes (continued)

## NOTE 12: PLANT PROPERTY AND EQUIPMENT

Cost	Plant & Equipment	Motor Vehicles	F&F Office Equip	Land	Buildings	Total
Balance at 1 July 2019	19,477,253	2,548,385	530,620	4,293,890	1,836,797	28,686,946
Revaluation	0	0	0	306,317	468,758	775,075
Additions	1,111,987	458,313	63,844	0	74,758	1,708,902
Capital Work in Progress	210,443	0	0	0	-	210,443
Disposals at cost	(800,474)	(185,597)	0	0	-	(986,071)
Reclasification	0	0	0	0	-	0
Balance at 30 June 2020	19,999,209	2,821,101	594,464	4,600,207	2,380,313	30,395,295

### Accumulated depreciation and impairment losses

Balance at 1 July 2019	12,286,772	1,776,499	473,543	0	125,130	14,661,944
Depreciation Expense	1,207,687	207,662	35,311	0	64,030	1,514,690
Impairment losses	0	0	0	0	0	0
Accumulated depreciation reversal	(657,547)	(166,360)	0	0	(117,148)	(941,055)
Reclasification	0	0	0	0	0	0
Balance at 30 June 2020	12,836,912	1,817,801	508,854	0	72,012	15,235,579

### Carrying Amounts

30 June 2020	7,162,297	1,003,300	85,610	4,600,207	2,308,301	15,159,716
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### Carrying Amounts

30 June 2019	7,190,481	771,886	57,077	4,293,890	1,711,667	14,025,002
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	2020		2019	
	Freehold land	Freehold Buildings	Freehold land	Freehold Buildings
Cost excluding revaluation	2,297,111	1,795,044	2,297,111	1,720,284
Accumulated depreciation and impairment	0	711,553	0	677,053
Net Carrying Amount	2,297,111	1,083,491	2,297,111	1,043,231

Carrying amounts if land and buildings were measured at cost less accumulated depreciation and impairment.

The land and buildings were revalued effective 1 July 2019. At that time the company engaged the services of Telfer Young. Telfer Young has estimated the amount for which the asset should exchange on the date of valuation between a willing buyer and a willing seller. The valuations were based on open market sales with appropriate adjustment for location, standard of improvements and general conditions. The next revaluation is July 2022.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 13: ADVANCE REMOVAL OF OVERBURDEN & CAPITALISED QUARRY EXPENDITURE

	2020	2019
	\$	\$
Opening Balance of Advance removal of Overburden and waste rock	70,481	86,784
Amortisation	(13,261)	(16,303)
Total Capitalised Quarry Expenditure	57,220	70,481

## NOTE 14: TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Waitaki District Council	36,744	15,060
Trade creditors	1,458,233	1,162,869
Total accounts payable	1,494,976	1,177,929

## NOTE 15: PROVISIONS

	2020	2019
	\$	\$
Opening Provision for restoration of land	23,000	17,002
Movement	(15,662)	5,998
Total Provisions	7,338	23,000

*This is all current in nature*

This provision is for the restoration of gravel sites back to their agricultural use once gravel extraction activities have ceased.



# Whitestone Contracting Limited - Notes (continued)

## NOTE 16: EMPLOYEE BENEFIT LIABILITIES

	2020	2019
	\$	\$
<b>Employee Entitlements</b>		
Accrued Pay	679,253	552,258
Annual Leave	652,240	601,086
Sick Leave	17,266	23,497
Long Service Leave	39,081	31,774
<b>Total</b>	<b>1,387,840</b>	<b>1,208,615</b>

Comprising

Current	1,361,678	1,178,601
Non Current	26,162	30,014
	<b>1,387,840</b>	<b>1,208,615</b>

## NOTE 17: PREPAID INCOME

	2020	2019
	\$	\$
Waitaki District Council	13,319	60,285
Other	110,080	229,709
<b>Total prepaid income</b>	<b>123,399</b>	<b>289,994</b>

*This is all current in nature*

## NOTE 18: BORROWING

	2020	2019
	\$	\$
Bank Overdraft (Note 7)	0	67,036
Bank of New Zealand - Current	60,350	57,700
Bank of New Zealand - Term	1,077,160	1,137,510
<b>Total borrowings</b>	<b>1,137,510</b>	<b>1,262,246</b>

The carrying value of borrowings repayable within one year approximate their fair value.

The group bank overdraft facility totals \$1,000,000. (2019: \$1,000,000)

The current interest rate on the overdraft facility is 3.95% (2019 4.88%)

The company also has a Customised Average Rate loan facility of \$1,137,510, Interest rate 3.66%

In addition the company has a Credit Plus Facility of \$2,158,630, Interest rate 4.45%

Security

Loans from the Bank of New Zealand are secured by debenture over the company assets and undertakings including a registered first mortgage against the Deborah Depot, 98 Geraldine-Fairlie Highway, Camerons Pit, 460 Palmerston Dunback Road, 28-30 Ree Crescent Cromwell and a Security interest in specified plant and machinery.



# Whitestone Contracting Limited - Notes (continued)

## NOTE 19: CAPITAL AND RESERVES

	2020	2019
	\$	\$
Opening Share Capital	4,600,000	4,600,000
Closing Share Capital	4,600,000	4,600,000
Retained earnings		
Opening Balance	6,516,925	5,855,204
Net Surplus	840,690	1,333,577
Dividend Paid	(903,993)	(671,856)
Closing Retained Earnings	6,453,622	6,516,925
Opening Property Revaluation Reserve	2,807,798	2,807,798
Revaluation	728,168	-
Closing Revaluation	3,535,966	2,807,798
Total Equity	14,589,588	13,924,723

The company has 4,600,000 shares issued. All shares carry equal voting rights in any surplus on winding up of the company. None of the shares carry fixed dividend rights nor have any par value. All shares are fully paid up.

Dividends declared and paid equates to \$903,993. (2019 \$671,856).

The property revaluation reserve arises in the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property revaluation reserve will not be reclassified subsequently to the profit and loss.





# Whitestone Contracting Limited - Notes (continued)

## NOTE 20: COMMITMENTS

	2020	2019
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	\$	\$
One year or less	73,089	124,622
One to five years	13,998	73,052
Over five years	6,072	0
	93,159	197,674

The company was committed to the purchase of the following item at balance date:  
 Plant and Equipment \$530,671

## NOTE 21: CONTINGENT LIABILITIES & CONTINGENT ASSETS

	2020	2019
There are performance bonds as at 30 June 2020 in favour of:	\$	\$
Clutha District Council	126,742	72,938
Queenstown Lakes District Council	24,734	0
Homestead Bay Peak Development	0	63,404
Lake Tekepo Enterprises	61,826	0
Mackenzie District Council	235,860	198,360
Network Waitaki	17,225	34,449
Pukeko Developments	42,253	42,252
Elloughton Grange	0	123,653
Radius Residential Care	0	53,826
RCL Henley Downs Ltd	79,754	79,754
Waimate District Council	100,000	100,000
Waitaki District Council	553,184	476,657
	1,241,578	1,245,292

Bonds are held guaranteeing fulfilment of obligations under particular contracts.  
 The company is released from the obligations when the performance criteria under the contract are met.

The company has no contingent assets (2019 \$nil).

# Whitestone Contracting Limited - Notes (continued)

## NOTE 22: RELATED PARTY TRANSACTIONS

### (a) Intergroup transactions and balances

#### Waitaki District Council

Services provided to Waitaki District Council  
 Services received from Waitaki District Council  
 Amounts owing to Council  
 Amounts receivable from Council

2020	2019
\$	\$

4,327,639	4,664,737
177,980	123,588
36,744	15,060
508,089	572,397

#### Waitaki District Health Services

Services provided to Waitaki District Health Services  
 Amounts receivable from Waitaki District Health Services

11,174	11,174
1,071	1,071

#### Tourism Waitaki

Services provided to Tourism Waitaki  
 Amounts receivable from Tourism Waitaki

1,654	1,067
0	0

The company supplies civil construction and maintenance contracting services to the Waitaki District Council. The company also leases facilities to the Waitaki District Council.

The Company is related to other council owned enterprises such as Tourism Waitaki, Waitaki District Health Services and Omarama Airfield Ltd.

The amounts included in this note exclude goods and services tax. All services supplied were on normal commercial terms.



# Whitestone Contracting Limited - Notes (continued)

## (b) Key Management and Directors

### Sales to Whitestone Contracting Limited

Supplying Entity	Related Party Name	Nature of related party	Amount for the year	Owing at balance date	Description of transactions
Berry & Co	M J de Buyzer	Director	3,196	0	Legal Services
Deloitte	S Thompson	Consultant	20,491	0	Consulting Services
Ashburton Contracting Limited	R Pickworth	Director	253,759	0	Contracting & Mechanical Services
Delta Utility Services Limited	S Grave	Director	782	0	Contracting services
Fulton Hogan Limited	S W Grave	Shareholder	804,401	54,572	Material supplies and Contracting Services
North Otago Motor Group	C Wollstein	Director	290,478	0	Parts, Mechanical Repairs and Vehicle supplies
Network Waikaiti Limited	M de Buyzer	Director	26,306	26,141	Contracting Services
Road Metals Limited	G Kelcher	Employee	1,496,602	68,967	Gravel supplies
Kiwi Concrete Limited	G Kelcher		5,760	898	Concrete supplies

### Purchases from Whitestone Contracting Limited

Receiving Entity	Related Party Name	Nature of related party	Amount for the year	Owing at balance date	Description of transactions
Berry & Co	M J de Buyzer	Director	368	0	Contracting Services
L Clarke	L Clarke	Executive Manager	3,122	337	Material supplies and workshop services
G E Campbell	G E Campbell	Chief Executive	1,703	76	Contracting and Workshop Services
T S Read	T S Read	Executive Manager	8,755	114	Fuel & contracting services
J A Hardy	J A Hardy	Executive Manager	296	0	Material supplies, Workshop & Contracting services
S Thompson	S Thompson	Director	2,626	212	Fuel Supplies
Netcon Limited	S Thompson	Chairman	102,335	14,630	Contracting Services
Delta Utility Services	S Grave	Director	6,461	0	Contracting Services
S Grave	S Grave	Director	3,438	312	Fuel Supplies
Alpine Energy Limited	S R Thompson	Chairperson	2,375	2,235	Contracting Services
Fulton Hogan Limited	S W Grave	Shareholder	1,908,165	228,308	Contracting Services
Mitton Electronet Limited	R Pickworth	Director	1,190	0	Contracting Services
Network Waitaki Limited	M de Buyzer	Director	720,059	62,578	Contracting Services
Road Metals Limited	G Kelcher		8,152	1,791	Contracting Services

Except for these transactions no other directors have entered into related party transactions with the group. The amounts outstanding at year end are payable on normal trading terms. No related party debts have been written off or forgiven during the year.



# Whitestone Contracting Limited - Notes (continued)

## NOTE 23: CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	2020	2019
	\$	\$
<b>Financial assets measured at amortised cost</b>		
Trade and other receivables	2,279,329	4,218,271
Cash & Cash equivalents	867,261	-51,993
Total loans and receivables	3,146,590	4,166,278
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	1,494,976	1,177,929
Provision for Goods and Services Tax	141,148	247,517
Accrued expenses	86,938	318,322
Total financial liabilities measured at amortised costs	1,723,062	1,743,768

## NOTE 24: COVID-19

Prior to reporting date, COVID-19 became widespread globally. As a result, the World Health Organization announced that the outbreak should be considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. The company had to halt non-essential work for five weeks during the level four lockdown and was able to claim the Government wages subsidy scheme. Whitestone received \$809,685 from the Scheme and has met the requirements set out by the Government. Following the move to level three the Whitestone was able to resume work.

The Directors have assessed the likely impact of COVID-19 on Whitestone Contracting Limited and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the company to continue operating. That conclusion has been reached because:

- the Company has the ability to draw upon bank facilities
- the Company has a number of maintenance and Civil contracts going forward

# Whitestone Contracting Limited - Notes (continued)

## NOTE 25: LEASES

The company leases buildings and office equipment. The average lease terms is 4 years.

At the end of the lease the Company is required to return the lease assets to the Lessor.

### Right-of-use assets

	<u>Buildings</u>	<u>Office Equipment</u>	<u>Total</u>
Net carrying value			
30 June 2019 (Restated)	29,006	62,323	91,329
30 June 2020	-	29,538	29,538
Depreciation expense for the year			
30 June 2020	29,006	32,786	61,792

No new leases were entered into during the period ended 30 June 2020

### Amounts recognised in profit and loss

	2020	2019
Depreciation expense on right-of -use assets	61,792	(not stated)
Interest expense on lease liabilities	5,039	(not stated)
Expenses relating to short-term leases	32,592	(not stated)
Expenses relating to leases of low value assets	950	(not stated)

At 30 June 2020, the Company was committed to \$3,056 for short term leases.

### Lease Liabilities

	2020	2019
Amounts due for settlement within 12 months (shown under current liabilities)	31,492	(not stated)
Amounts due for settlement after 12 months	4,247	(not stated)

### Maturity analysis

Not later than 1 year	31,492
Later than 1 year and not later than 5 years	4,247
Later than 5 years	-
	35,739

The Company does not face a significant liquidity risk with regard to its lease liabilities.

# Whitestone Contracting Limited - Notes (continued)

## OPERATING LEASES ARRANGEMENTS

Operating leases in which the Company is the lessor, relate to properties owned by the Company with lease terms of between 3 and 10 years with 2 year extension options. Operating leases contracts contain the right to review rates on renewal.

The main purpose for holding Property is part of its normal activities. Leasing is incidental to the main activity.

Maturity analysis of operating lease payments

Year 1	73,614
Year 2	24,866
Year 3	10,500
Year 4	10,500
Year 5	10,500
Year 6 and onwards	2,750

## NOTE 26: EVENTS AFTER BALANCE DATE

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.



# Statement of Service Performance Report

The Statement of Intent which is agreed between the directors of Whitestone Contracting Limited and the Ultimate Controlling entity The Waitaki District Council provides for the following performance targets:

Achieve a before income tax return (prior to donations, sponsorships and subvention payments) on opening Shareholders funds that exceeds 8%	Not Achieved due to impact of Covid-19 Actual 7.51%
Shareholders funds to total assets >40%	Achieved
Maintain ISO9001 registration and related Quality Assurance programmes	Maintained
Maintain a high standard of health and safety in relation to WCL's employees, customers, suppliers, subcontractors and the public, as measured by maintaining NZS4801 safety management systems accreditation.	Maintained
Maintain a total injury frequency rate of <7 per 200,000 hours worked or 35 per million hours worked.	Maintained
Maintain ISO 14001 standard to ensure the company has systems in place to environmental legislative and regulatory requirements.	Maintained
Compliance with the Resource Management Act – no reported breaches	Compliance Achieved
Support community initiatives with over \$50,000 of sponsorship per annum.	Achieved



# Statutory Information

## Current Directors

Michael John de Buyzer  
Peter John Rowell  
Stephen Richard Thompson  
Ross Anthony Pickworth  
Steven William Grave  
Edward George Kelcher

## Appointed

1 July 2008  
7 September 2012 (Resigned 31/12/19)  
11 December 2012  
1 January 2016  
1 January 2017  
1 January 2020

## DIRECTORS REMUNERATION

	Fees	Extra Fees	Travel
M de Buyzer	55,355	0	0
J Rowell	17,500	0	2,259
S Thompson	34,596	0	1,499
R Pickworth	34,596	0	1,422
S Grave	34,596	0	1,681
G Kelcher	17,096		
	193,739	0	6,861

## Employees remuneration

The company had 18 employees who received remuneration of \$100,000 or more per annum.

Total remuneration and other benefits  
\$ (000)

Number of employees

### Personnel over 100,000

100-110	5
110-120	4
120-130	0
130-140	2
140-150	1
150-160	1
170-180	0
180-190	3
230-240	1
310-320	1

## Recommended Dividend

No further distributions have been resolved as at 30 June 2020.

## Sponsorships and Donations

Sponsorships and donations totalled \$62,378 (\$73,598: 2019).



# Statutory Information

## Entries made in the interests register

- **Interests in transactions**  
No transactions have taken place between the directors and the company which are not in the ordinary course of the company's business and on its usual terms and conditions.
- **Use of Company Information by Directors**  
During the year the board received no notices from directors of the company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.
- **Shareholding by Directors**  
No directors hold shares in the Company.
- **Indemnity and insurance**  
During the year the company paid premiums insuring all directors of Whitestone Contracting Limited in respect of liability and costs permitted to be insured against by legislation.

## Directors Interests Disclosed

### M de Buyzer

Berry & Co	Partner
Banco Trustees Limited	Director/Shareholder
BCO Trustees (2011) Limited	Director/Shareholder
BCO Trustees (2012) Limited	Director/Shareholder
BCO Trustees (2013) Limited	Director/Shareholder
BCO Trustees (2014) Limited	Director/Shareholder
BCO Trustees (Mertha) Limited	Director/Shareholder
BCO Trustees (2015) Limited	Director/Shareholder
BCO Trustees (2016) Limited	Shareholder
BCO Trustees (2017) Limited	Director/Shareholder
BCO Trustees (2018) Limited	Shareholder
BCO Trustees (2019) Limited	Director/Shareholder
BCO Trustees (2020) Limited	Director/Shareholder
BCO Trustees (Robertson) Limited	Director/Shareholder
Camp Street Properties Limited	Director/Shareholder
Dunstan Contracting Limited	Director
Dunstan Sprayers Limited	Director
Friendly Bay Limited	Director/Shareholder
Law Support Services Limited	Shareholder
Mallinson Trustees Limited	Director
McBride Street Queenstown Limited	Director/Shareholder
McPhail Investments Limited	Director
Network Waitaki Ltd	Director
Observatory Village Charitable Trust	Trustee
Onelaw Limited	Shareholder
Onelaw IP Holdings Limited	Shareholder
PW Crum Trustees Limited	Director
Ridge Road Irrigation Company Limited	Shareholder
Whitestone Quarries and Landfill Limited	Director

### S Grave

Buller Recreation Ltd	Director
Buller Holdings Ltd	Director
Delta Utility Services Limited	Director
Fulton Hogan Ltd	Shareholder
K M & S W Grave Family Trust	Shareholder
Steve Grave Consulting Limited	Principal
Sicon Limited	Director/Chairman
WestReef Services Ltd	Director

# Statutory Information

## **S Thompson**

Airtime New Zealand Limited	Shareholder
Alpine Energy Limited	Chairman
Anreca Investments Limited	Shareholder
Aurora Energy Limited	Chairman
Best View Limited	Director/Shareholder
Cairnmuir Road Winery Limited	Director
Cerise Orchard Ltd	Shareholder
Deloitte	Consultant
F S Investments Limited	Director
Integrated Contract Solutions Limited	Director
Keanos Trustee Company Limited	Director
Lake McKay GP Ltd	Shareholder
Millennium Solutions Limited	Director
McKenzie Architects Limited	Shareholder
Netcon Limited	Chairman
OB Horn Company Limited	Shareholder
Owhiro River Limited	Shareholder
Passmore Consulting Services Limited	Director
Prospectus Nominees	Shareholder/Director
Queensberry Partnership	Director
Renaissance Holdings (NZ) Limited	Shareholder
Richard E Shackleton Architects Limited	Shareholder
Ripponvale Irrigation Company Limited	Shareholder
Sarita Holdings Limited	Director
Timaru Electricity Limited	Chairman
Thompson Bloodstock Limited	Chairman
The Gin Company Ltd	Shareholder
Waikato Property Investments Ltd	Shareholder
Wanaka Bay Limited	Director
Whangamata Water 2 Limited	Shareholder
Westminster Resources Limited	Director

## **R Pickworth**

Ashburton Contracting Limited	Director
Burwood Resource Recovery Park Ltd	Director
ElectroNet Services Limited	Director
ElectroNet Technology Limited	Director
ElectroNet Transmission Limited	Director
Mitton ElectroNet Limited	Director
Pipeline Group Limited	Director
Transwaste Canterbury Limited	Director
West Oak Trading	Director/Shareholder
WestRoads Limited	Director
Westpower Limited	Director

## **G Kelcher**

Reservoir Views Company Ltd	Director/Shareholder
Reservoir Views Holding Company Ltd	Director/Shareholder
Road Metals	Employee

## **J Rowell**

Mining Equipment Limited	Director and Shareholder
Kinloch Machinery Ltd	Sole Director

Relevant Directorships and interests during the period have been disclosed in the Annual Report. A full listing is available in the company's interests register held at its head office.

# Audit Report



Crowe New Zealand Audit  
Partnership  
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Dunedin  
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[www.crowe.nz](http://www.crowe.nz)

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WHITESTONE CONTRACTING LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

The Auditor-General is the auditor of Whitestone Contracting Limited (the company). The Auditor-General has appointed me, Michael Lee, using the staff and resources of Crowe Audit Partnership, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 12 to 39, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 40.

In our opinion:

- the financial statements of the company on pages 12 to 39:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime.
- the performance information of the company on pages 40 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2020.

Our audit was completed on 18 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the effects of COVID-19. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we *comment on other information*, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

# Audit Report



We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of Matter**

We draw attention to Note 24 on page 37 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

# Audit Report



may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 9 and 41 to 43, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Audit Report



## **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

A handwritten signature in blue ink, appearing to read "Michael Lee".

**Michael Lee**

Crowe Horwath New Zealand Audit Partnership  
On behalf of the Auditor-General  
Dunedin, New Zealand



# Directory



**Directors** **Michael John de Buyzer**  
LLB Notary Public (Appointed 1 July 2008)

**Peter John Rowell**  
(Appointed 7 September 2012)  
(Retired by rotation 31 December 2019)

**Stephen Richard Thompson**  
Bcom, F.C.A (PP), CFInstD (Appointed 11 December 2012)

**Ross Anthony Pickworth**  
M.B.A, B.Eng (Electrical), NZCE (Electrical)  
(Appointed 1 January 2016)

**Steven William Grave**  
B.E(Hons)Civil, NZCE (Civil)  
(Appointed 1 January 2017)

**Edward George Kelcher**  
(Appointed 1 January 2020)

**Postal Address** P O Box 108, Oamaru  
Phone (03) 433 0240  
Fax (03) 434 1270

**Auditors** M Lee, Crowe New Zealand Audit Partnership  
On behalf of the Controller and Auditor  
General Wellington

**Bankers** Bank of New Zealand  
ANZ

**Solicitors** Hope & Associates, Oamaru  
Berry & Co, Oamaru

**Authorised Capital** 4,600,000 Ordinary Shares

**Company Number** DN 549270

**Country of Incorporation** New Zealand

**Registered Office** State Highway One, Deborah, Oamaru

**Insurer** Marsh Ltd (Brokers)

**Executive Managers** Chief Executive Glenn Campbell  
Executive Manager Central Otago & Deputy CEO Paul Bisset  
Executive Manager Construction & Surfacing Julian Hardy  
Executive Manager Corporate Services Manager Tony Read  
Executive Manager Business Development & Maintenance Linton Clarke

**Web address** [www.whitestone.co.nz](http://www.whitestone.co.nz)